

Sewerage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Sewerage District No. 6 of St. Tammany Parish conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 34:517 and to the guidelines set forth in the Louisiana Municipal Leasalt and Accounting Guide, and to the industry guide, *Manual of State and Local Governmental Units*. The following is a summary of certain significant accounting policies:

1. Reporting Entity

As the governing authority of the Parish, for reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on the organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.



SEWERAGE DISTRICT NO. 6  
ST. TAMMANY PARISH, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS REPORTS

FOR THE YEAR ENDED DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the judicial, or executive, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 03 2007

6/19 Smith, Cheryl

## C O N T E N T S

	PAGE
INDEPENDENT AUDITORS REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
BALANCE SHEET	4
STATEMENTS OF REVENUES, EXPENSES AND ACCUMULATED DEFICIT	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL STRUCTURE	15
INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS	17

# Smith, Huvall & Associates, L.L.C.

an Equal Opportunity Employer

Geopost/Public Accountant

P.O. Box 1660

Corvallis, Louisiana 70441-1660

James K. Smith, CPA  
Patrick "Egan" Huvall, CPA

Phone 854-6671 • Fax 854-6672  
1992 891-4825 • 1-800-

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Sewerage District No. 6  
St. Tammany Parish, Louisiana

We have audited the accompanying balance sheet of Sewerage District No. 6, St. Tammany Parish, Louisiana, a component unit of the St. Tammany Parish Police Jury, as of December 31, 1996, and the related statements of revenues, expenses and accumulated deficit and cash flows for the two years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 6, St. Tammany Parish, Louisiana, as of December 31, 1996, and the results of its operations and cash flows for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 1997 on our consideration of the internal control structure of Sewerage District No. 6 and a report dated June 16, 1997 on its compliance with laws and regulations.

*Smith, Huvall & Associates, L.L.C.*

June 19, 1997

Sewerage District No. 6  
31 Tammany Parish, Louisiana

BALANCE SHEET

December 31, 1996

ASSETS

Current Assets

Trade accounts receivable (note A-4)	\$	31,768
Ad valorem taxes receivable (note E)		29,419
Other receivable		7,888
Interest receivable		<u>2,938</u>
Total current assets		81,993

Restricted Assets (note C)

Cash in bank		25,835
Certificates of deposit (note A-3)		<u>154,590</u>
Total restricted assets		180,425

Fixed Assets (notes A-3 and D)

Lines and equipment at cost, net of accumulated depreciation of \$583,457		1,253,818
Land - right of way		<u>78,238</u>
Total fixed assets		<u>1,332,056</u>
		<u>\$1,568,707</u>

The accompanying notes are an integral part of this statement.

Sovereign District No. 6  
34 Tammany Parish, Louisiana

BALANCE SHEET

December 31, 1995

LIABILITIES AND FUND EQUITY

Current Liabilities	
Cash deficit	\$ 23,514
Accounts payable - trade	12,794
Due to other governmental agency	<u>3,290</u>
Total current liabilities	39,598
Current Liabilities (payable from restricted assets)	
Interest payable on bonds	22,799
Source deposits	14,260
Current maturities on bonds payable (note F)	<u>12,288</u>
Total current liabilities (payable from restricted assets)	49,347
Long-Term Debt, net of current maturities (note F)	
Revenue bonds payable	602,609
General obligation bonds payable	<u>88,795</u>
Total long-term debt	<u>691,404</u>
Total Liabilities	778,410
Fund Equity	
Contributed Capital - FFA	1,385,827
Accumulated deficit (note H)	<u>(385,728)</u>
Total fund equity	<u>798,238</u>
	<b>\$1,596,207</b>

The accompanying notes are an integral part of this statement.

#### Utility Rates

##### Comment:

During the current year the District incurred a loss from operations of \$14,675. The loss was due to increases in cost for consulting fees and testing necessary to bring the sewer system in compliance with state and federal standards and due to the added repairs and maintenance cost to the sewer plant.

The District's bond covenants require that it maintain revenues sufficient to pay all operating costs of the system, bond principal and interest payments, and payments to the sinking and reserve funds. We recommend that the District evaluate current rates and adjust them as needed to cover the costs and payments required by the bond covenants.

#### General Obligation Bond Ad Valorem Millage Rate

##### Comment:

Due to an increase in assessed property valuations the balance in the General Obligation Bond Sinking Fund has increased over the past several years. We recommend that the District look into adjusting the millage rate used for the repayment of the District's general obligation bonds so as not to over collect for the purposes of satisfying the bond requirements.

This letter is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Sincerely,

*Smith, Havel & Associates, L.L.C.*

Smith, Havel & Associates, L.L.C.

Sewerage District No. 6  
St. Tammany Parish, Louisiana

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Net operating income (loss)	\$ (14,675)	\$ 17,811
Adjustments to reconcile net operating income to cash provided by operations:		
Depreciation	46,991	45,850
Increase in trade accounts receivable	(1,622)	(462)
(Increase)/decrease in other receivables	9,430	(17,518)
Increase in oil valuation taxes receivable	(8,954)	(5,988)
Increase in accounts payable	7,807	2,479
Total adjustments	<u>58,752</u>	<u>27,961</u>
Net cash provided by operating activities	<u>44,077</u>	<u>45,774</u>
Cash flows from non-capital financing activities:		
Net receipts from customer deposits	<u>1,251</u>	<u>1,263</u>
Net cash provided by non-capital financing activities	<u>1,251</u>	<u>1,263</u>
Cash flows from capital and related financing activities:		
Increase in bank overdraft	21,225	2,289
Due to other governmental agencies	-	65
Principal paid on bonds	(12,777)	(18,216)
Interest paid on bonds	(36,432)	(37,293)
Purchase of fixed assets	<u>          </u>	<u>(2,202)</u>
Net cash used in capital and related financing activities	<u>(27,984)</u>	<u>(55,157)</u>
Cash flows from investing activities:		
Interest earned on investments	6,587	6,025
Increase in certificates of deposit	<u>(7,278)</u>	<u>(14,288)</u>
Net cash used in investing activities	<u>(681)</u>	<u>(8,263)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,612</b>	<b>(16,746)</b>
Cash and cash equivalents at beginning of year	<u>16,872</u>	<u>23,900</u>
Cash and cash equivalents at end of year	<u>\$ 26,484</u>	<u>\$ 7,154</u>

The accompanying notes are an integral part of this statement.



Sewerage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Reporting Entity - Continued

Because the police jury appoints commissioners of the District and the District provides sewerage service to residents within St. Tammany Parish, the District was determined to be a component unit of the St. Tammany Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Fund Accounting

The accounts of Sewerage District No. 6 of St. Tammany Parish are organized on the basis of Enterprise Fund accounting used by governmental entities. The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fixed Assets

Fixed assets of the Enterprise Fund are capitalized in the fund account because the fixed assets are used in the production of goods or services sold. Fixed assets consist of property, plant, and equipment. All fixed assets are recorded at cost. Depreciation of all reasonable fixed assets is charged as an expense against their operations. Depreciation has been provided using the straight-line method.

The estimated lives are as follows:

Machinery and equipment	10 years
Construction lines	40 years

Sewerage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Basis of Accounting

The accompanying general purpose financial statements are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

5. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state bank's organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the entity may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

6. Trade Accounts Receivable

At December 31, 1996, all trade accounts receivable are considered to be 100% collectible. Uncollectible amounts are recognized as a bad debt through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of an account.

7. Federal Income Taxes

The District is not subject to Federal income taxes in accordance with the Internal Revenue Code (IRC) Section 113 regarding income of states, municipalities, political subdivisions, etc.

# Smith, Havel & Associates, L.L.C.

IN LIMITED LIABILITY COMPANY

Certified Public Accountant

P.O. Box 1462

Covington, Louisiana 70444-1462

Steven H. Smith, CPA  
Patrick "Bepko" Havel, CPA

(504) 833-4600 • C. 504-833-4600  
(504) 833-4600 • F. 504

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

To the Board of Commissioners  
Sewerage District No. 6  
St. Tammany Parish, Louisiana

We have audited the general purpose financial statements of Sewerage District No. 6, St. Tammany Parish, Louisiana, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller and General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Sewerage District No. 6, St. Tammany Parish, Louisiana, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed an immaterial instance of noncompliance that is required to be reported herein under Government Auditing Standards, as follows:

Louisiana Revised Statutes 13:1201 - 13:1229 requires that the Sewer District No. 6's deposits be secured by FIDC insurance and securities pledged by its fiscal agent. At December 31, 1996, deposits of \$4,820 were unsecured.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. This institution is not intended to limit the distribution of this report, which is a matter of public record.

*Smith, Havel & Associates, L.L.C.*

June 18, 1997

# Smith, Hurst & Associates, L.L.C.

A LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 10990

Covington, Louisiana 70434-1099

Donald E. Smith, CPA  
David Wayne Hurst, CPA

(504) 892-8833 • Fax (504) 892-8880 • FTS

June 19, 1997

To the Board of Commissioners  
Sovereign District No. 6  
St. Tammany Parish, Louisiana

In planning and performing our audit of the general purpose financial statements of the Sovereign District No. 6, St. Tammany Parish, Louisiana for the year ended December 31, 1996, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the intentions of management in the financial statements. We noted no matters involving the internal control structure and its operation that we consider to be a material weakness as defined above during our audit. However, we did note certain matters involving the internal control structure and its operation that we consider to be non-reportable conditions under standards established by the American Institute of Certified Public Accountants. We feel the following recommendations would improve the District's present internal control structure.

Sewerage District No. 6  
St. Tammany Parish, Louisiana

STATEMENTS OF REVENUES, EXPENSES AND ACCUMULATED DEFICIT

For the Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating Revenue		
Service revenues	\$ 136,094	\$ 129,797
Ad valorem revenue	32,366	32,875
Other	<u>12,368</u>	<u>34,852</u>
Total operating revenue	<u>180,828</u>	<u>197,524</u>
Operating Expenses		
Depreciation	46,891	45,850
Utility usage fees	48,790	38,772
Repairs and maintenance	31,758	2,976
Consulting	31,540	23,640
Utilities	39,340	17,852
Testing and inspection	18,163	19,344
Legal and professional	12,300	7,600
Supplies	2,463	8,734
Insurance	2,120	2,120
Board meetings	2,000	2,400
Miscellaneous	1,731	649
Postage	504	668
Fees	883	655
Secretary expense	600	658
Rents	-	1,800
Contract labor	-	325
Total operating expenses	<u>195,913</u>	<u>186,699</u>
Net operating income (loss)	(14,875)	10,811
Other Revenue (Expenses)		
Interest income	6,587	6,748
Interest expense	<u>(28,303)</u>	<u>(26,512)</u>
Total other revenue (expenses)	<u>(21,716)</u>	<u>(19,764)</u>
NET LOSS	(44,388)	(12,862)
Accumulated deficit at beginning of year	<u>(552,351)</u>	<u>(555,489)</u>
Accumulated deficit at end of year	<u>\$596,739</u>	<u>\$568,351</u>

The accompanying notes are an integral part of this statement.

Recommendations  
for Improvements in the  
Internal Control Structure of  
ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 6  
December 31, 1996

Sewerage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE B - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 1996:

Demand deposits (including cash deficit)	<u>\$ 2,381</u>
--	-----------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the remaining book balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the sum of the deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1996, the District has \$160,856 in deposits, of which \$154,038 are certificates of deposit classified as investments. These deposits are secured from risk by \$106,899 of federal deposit insurance and \$59,117 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 2). The remaining balance of \$4,820 is not secured by the pledge of securities and is a violation of state law.

NOTE C - RESTRICTED ASSETS

Resolutions authorizing the issuance of two revenue bonds and one general obligation bond dated May 14, 1984, for \$472,000, \$28,000, and \$100,000 respectively, provided for certain restrictions of assets of Sewerage District No. 6. These requirements have been met as of December 31, 1996.

NOTE D - FIXED ASSETS

Fixed assets are shown at net on the balance sheet and consist of the following:

Property, plant and equipment	\$ 1,837,605
Less: accumulated depreciation	<u>(482,457)</u>
Balance at end of year	<u>\$ 1,355,148</u>

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not induce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above. However, we have provided some recommendations to the management of the District in a separate letter dated June 19, 1997.

This report is intended for the information of the management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Smith, Howard B. Associates, L.L.C.*

June 19, 1997



# Smith, Hurst & Associates, L.L.C.

LA LIMITED LIABILITY COMPANY

Chartered Public Accountants

P.O. Box 1000

Covington, Louisiana 70454-1000

David E. Smith, CPA  
Frank "Wes" Hunt, CPA

(504)892-6611 • Telex 950000  
(504)892-6600 • FAX

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

To the Board of Commissioners  
Sewerage District No. 6  
St. Tammany Parish, Louisiana

We have audited the general purpose financial statements of Sewerage District No. 6, St. Tammany Parish, Louisiana, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1996 and have issued our report thereon dated June 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Sewerage District No. 6, St. Tammany Parish, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimation and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Sewerage District No. 6, St. Tammany Parish, Louisiana for the year ended December 31, 1996, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Severage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

**NOTE F - LONG-TERM DEBT - Continued**

The following is a schedule of annual maturities, including interest, for long-term debt:

Year Ending December 31	Revenue Funds	General Obligation Funds
1997	\$ 42,800	\$ 5,929
1998	42,800	5,929
1999	42,800	5,929
2000	42,800	5,929
2001	42,800	5,929
Thereafter	926,968	126,648
	1,151,368	169,283
Less: Interest	537,521	77,001
	<u>\$ 613,847</u>	<u>\$ 88,704</u>

**NOTE G - BOARD MEMBERS' PER DIEM PAYMENTS**

	1996	1995
Walter Christian, President	\$ 700	\$ 720
Theodore Hays	320	720
Earl Richardson	-	720
Charles Fozzard	200	-
	<u>\$ 2,220</u>	<u>\$ 2,160</u>

**NOTE H - ACCUMULATED DEFECT**

Accumulated deficit for the year ended December 31, 1996, consisted of the following:

Reserved	
Reserve for revenue and general obligation bond	\$ 129,113
Reserve for meter deposits	1,370
Reserve for contingency	1,500
Unreserved	(732,742)
	<u>\$ (580,759)</u>

Sewerage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE F - LONG-TERM DEBT - Continued

Revenue Bonds - Continued:	<u>1,000</u>
\$20,000 Sewer District Revenue Bond dated May 14, 1984; balance due in annual installments beginning May 1987 of \$1,000 including principal and interest, with interest at 9.5%. Final payment due May, 2009.	<u>20,379</u>
Less current maturities	<u>11,379</u>
	<u>\$ 88,600</u>
General obligation bonds:	
\$100,000 Sewer District General Obligation Bond dated May 14, 1984; balance due in annual installments beginning May 1987, of \$5,920 including principal and interest, with interest at 5%; secured by ad valorem taxes. Final payment due May, 2004.	<u>\$ 88,304</u>
Less current maturities	<u>3,500</u>
	<u>\$ 84,804</u>

Sewerage District No. 6  
St. Tammany Parish, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

**NOTE E - AD VALOREM TAXES**

For the year ended December 31, 1996, the Sewerage District No. 6 was authorized to levy a special ad valorem tax of 11.80 mills on all property subject to taxation. The 11.80 mills has been approved for 1996 ad valorem taxes. The proceeds of this ad valorem tax is for the purpose of paying and securing the general obligation bond.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District on December 31. Filled taxes are delinquent on January 1.

The St. Tammany Parish Tax Collector bills and collects the District's ad valorem taxes using the assessed value determined by the tax assessor of St. Tammany Parish, Louisiana.

**NOTE F - LONG-TERM DEBT**

The following is a summary of bond transactions of the Sewerage District No. 6 as of December 31, 1996.

	<u>1996</u>	<u>1997</u>
<b>Revenue:</b>		
Bonds payable at January 1	\$ 624,724	\$ 634,683
Bonds retired	<u>33,878</u>	<u>8,879</u>
Bonds payable at December 31	<u>\$ 590,846</u>	<u>\$ 625,804</u>

<b>General Obligations:</b>		
Bonds payable at January 1	\$ 89,808	\$ 91,142
Bonds retired	<u>1,500</u>	<u>1,137</u>
Bonds payable at December 31	<u>\$ 88,308</u>	<u>\$ 89,995</u>

<b>Revenue Bonds:</b>	<u>1996</u>
-----------------------	-------------

5872,000 Sewer District Revenue Bond dated May 14, 1984; balance due in annual principal installments beginning May, 1987 of \$38,843 including principal and interest, with interest at 5%. Final payment due May, 2004.

\$ 793,469

## CONTENTS

	Page
COMMENT LETTER	3
COMMENTS	
UTILITY RATES	4
GENERAL OBLIGATION THIRD AD VALORUM MILLAGE RATE	4